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VERNON YOUTH SERVICES, INC.
LOUISVILLE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 1968

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Louisiana Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-28-68

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UNQUALIFIED OPINION ON GENERAL-PURPOSE FINANCIAL
STATEMENTS-GOVERNMENTAL ENTITY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vernon Youth Services, Inc.
Lewville, Louisiana:

I have audited the accompanying general-purpose financial statements of Vernon Youth Services, Inc., as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of Vernon Youth Services, Inc.'s management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Vernon Youth Services, Inc. as of and for the year ended June 30, 2003, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated December 3, 2003, on my consideration of Vernon Youth Services, Inc.'s internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grants.

My audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of Vernon Youth Services, Inc. taken as a whole. The accompanying financial information listed as additional information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Vernon Youth Services, Inc. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Ellis & Assoc. "APAC"

Leesville, Louisiana
December 5, 2013

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Vernon Youth Services, Inc.
Leesville, Louisiana:

I have audited the general-purpose financial statements of Vernon Youth Services, Inc. as of and for the year ended June 30, 2003, and have issued my report thereon dated December 5, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Vernon Youth Services, Inc.'s general-purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Vernon Youth Services, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no

matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended for the information and use of management, others within the organization, Vernon Youth Services, Inc., and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:313, this report is distributed by the Legislative Auditor as a public document.

Elliott & Assoc. "APAC"

Leesville, Louisiana
December 8, 2013

Vernon Youth Services, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2003

I have audited the general-purpose financial statements of Vernon Youth Services, Inc., as of and for the year ended June 30, 2003, and have issued my report thereon dated December 1, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the general-purpose financial statements as of June 30, 2003 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance
Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No
Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial
Statements ☐ Yes ☒ No

b. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☐ No ☒ N/A
Reportable Conditions ☐ Yes ☐ No ☒ N/A

Type of Opinion On Compliance For Major Programs

Unqualified ☐ Qualified ☐
Disclaimer ☐ N/A ☐
N/A ☒

Are their findings required to be reported in accordance with Circular
A-133, Section .504(a)(7)

☐ Yes ☐ No ☒ N/A

Venson Youth Services, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2003

C. Identification of Major Programs

| CFDA Number(s) | Name of Federal Program |
|----------------|-------------------------|
| None | None |

Dollar threshold used to distinguish between Type A and Type B Programs: 5 N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? ☐ Yes ☒ No (X)

N/A

Section II Financial Statement Findings

N/A

Section III Federal Award Findings and Questioned Costs

N/A

See independent auditor's report.

Exhibit A

WISCONSIN YOUTH SERVICES, INC.

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

June 30, 2013

| | Governmental Fund Type General Fund | Account Group General Fixed Assets | Total (Memorandum Only) |
|--|--|--|-------------------------------|
| <u>ASSETS</u> | | | |
| Cash (Note 4) | \$ 7,301 | \$ --- | \$ 7,301 |
| Accounts receivable (Note 2) | 20 | --- | 20 |
| Furniture and equipment (Note 3) | --- | --- | --- |
| Total assets | <u>\$ 7,321</u> | <u>\$ ---</u> | <u>\$ 7,321</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable | \$ 3,364 | --- | \$ 3,364 |
| Payroll taxes payable | <u>4,851</u> | --- | <u>4,851</u> |
| Total liabilities | <u>8,215</u> | --- | <u>8,215</u> |
| <u>FUND EQUITY</u> | | | |
| Fund equity: | | | |
| Investment in general fixed assets (Note 5) | --- | --- | --- |
| Fund balances (Deficit) | | | |
| Unreserved: | | | |
| Undesignated | <u>(894)</u> | --- | <u>(894)</u> |
| Total fund balance | --- | --- | --- |
| Total fund equity | --- | --- | --- |
| Total liabilities and fund equity | <u>\$ 7,321</u> | <u>\$ ---</u> | <u>\$ 7,321</u> |

The accompanying notes are an integral part of this statement.

Exhibit 2

YOUNG YOUTH SERVICES, INC.
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT)
GOVERNMENTAL FUND TYPE-GENERAL FUND

For the fiscal year ended June 30, 2003

REVENUES

| | |
|----------------------------|----------------|
| Intergovernmental (Note 2) | \$193,369 |
| Miscellaneous | <u>129</u> |
| Total revenues | <u>193,498</u> |

EXPENDITURES

| | |
|-------------------------|----------------|
| Current: | |
| Salaries | 97,381 |
| Fringe | 29,231 |
| Travel | --- |
| Training | --- |
| Operating services | 53,443 |
| Operating supplies | 8,386 |
| Other costs | 791 |
| Professional services | 5,898 |
| Capital outlay (Note 3) | <u>18,032</u> |
| Total expenditures | <u>211,952</u> |

| | |
|--|----------|
| Excess (deficiency) of revenues over expenditures | (17,954) |
|--|----------|

FUND BALANCE (DEFICIT)

| | |
|-------------------|-------------------|
| Beginning of year | <u>16,670</u> |
| End of year | <u>\$ -11,284</u> |

The accompanying notes are an integral part of this statement.

VERNON YOUTH SERVICES, INC.
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND TYPE

For the fiscal year ended June 30, 2003

| | Budget | Actual | Variance- Favorable (Unfavorable) (Note 1) |
|--|------------------|------------------|---|
| REVENUES | | | |
| Intergovernmental (Note 2) | \$199,400 | \$193,359 | \$ (6,041) |
| Miscellaneous | --- | 122 | 122 |
| Total revenues | <u>\$199,400</u> | <u>\$193,481</u> | <u>\$ (5,919)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Salaries | \$6,673 | \$7,381 | \$ (688) |
| Fringe | 16,888 | 29,321 | \$ (1,553) |
| Travel | 1,333 | --- | 1,333 |
| Training | 1,333 | --- | 1,333 |
| Operating services | 43,403 | 53,443 | \$ (9,940) |
| Operating supplies | 10,739 | 8,566 | 2,173 |
| Other costs | --- | 761 | 1761 |
| Professional services | 8,000 | 5,480 | 2,520 |
| Capital outlay (Note 3) | <u>28,000</u> | <u>18,980</u> | <u>9,020</u> |
| Total expenditures | <u>215,346</u> | <u>214,522</u> | <u>\$ 824</u> |
| Excess (deficiency) of revenues over expenditures | \$(6,747) | \$(17,564) | \$(10,817) |
| FUND BALANCES | | | |
| Beginning of year | <u>16,679</u> | <u>16,679</u> | --- |
| End of year | <u>\$ 9,932</u> | <u>\$ (834)</u> | <u>\$ (10,817)</u> |

The accompanying notes are an integral part of this statement.

VERNON YOUTH SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2003

Note 1 - Nature of the Business and Summary of Significant Accounting Policies

Nature of the business:

Organization purposes:

The basic purposes of Vernon Youth Services, Inc. were as follows:

- A. To offer short-term shelter care and treatment services for juveniles referred to them by various parish and state agencies.
- B. To offer medical services and a complete recreational program for such juveniles.
- C. To offer nutritional services to each individual in accordance with applicable minimum standards for clinic care agencies and the USDA.
- D. To report on a weekly basis to the Office of Juvenile Services, Louisiana Department of Public Safety and Corrections the number of juveniles under their treatment plan and the types of activities.
- E. To abide by the requirements of Title VI of the Civil Rights Act of 1964 (as amended July 3, 1973) and the Vocational Rehabilitation Act of 1973 and insure that all services are delivered without discrimination due to race, color, national origin or handicap.
- F. To abide by the provisions of the Louisiana Code of Juvenile Procedure and when applicable the Federal Runaway Youth Act as contained in P. L. 93-415. Vernon Youth Services, Inc. agrees to comply with all state licensing standards, all applicable accrediting standards, and applicable federal service standards and with all applicable state and federal laws.
- G. This facility closed in late January 2003 and all fixed assets shipped back to the Dept. of Public Safety and Corrections.

VERNON YOUTH SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

Significant Accounting Policies:

Financial reporting entity:

This report includes all funds and account groups which are controlled by or dependent on Vernon Youth Services, Inc. Control by or dependence on Vernon Youth Services, Inc. was determined on the basis of budget adoption, appointment of governing body, and other general oversight responsibility.

Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Government Units.

Organization:

Vernon Youth Services, Inc. was established to provide for shelter care services for a maximum of 15 youths in the Vernon Parish area in accordance with Louisiana Revised Statute 15:1082 (A) and (B).

Fund Accounting:

The accounts of Vernon Youth Services, Inc. are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various funds presented in the financial statements in this report are grouped into one generic fund type and one broad fund category as follows:

VERNON YOUTH SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

Governmental Fund Types

Governmental funds are those through which most governmental functions of Vernon Youth Services, Inc. are financed. The acquisition, use, and balances of Vernon Youth Services, Inc.'s expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is Vernon Youth Services, Inc.'s governmental fund type:

General Fund - The General Fund is the general operating fund of Vernon Youth Services, Inc. It is used to account for all financial resources except those required to be accounted for in another fund.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

VERNON YOUTH SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

Budgets and budgetary information:

Vernon Youth Services, Inc. follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Louisiana Department of Public Safety - Office of Juvenile Services "DPS" - State of Louisiana notifies Vernon Youth Services, Inc. each year as to the funding levels for the current year grant.
2. The Executive Director prepares a proposed budget based on the funding levels provided by DPS and then submits the budget to the Board of Directors for approval.
3. The Board of Directors reviews and adopts the budget prior to June 30 each year.
4. The adopted budget is forwarded to the Louisiana Department of Public Safety - Office of Juvenile Services for final approval.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Directors. Such amendments were not material in relation to original appropriation.
7. Expenditures cannot legally exceed appropriations on an individual fund level.

VERNON YOUTH SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

Total Columns of Combined Statements - Overview:

Total columns on the combined statements - overview are captioned "memorandum only" to indicate that they are presented only to help with financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Fixed Assets:

All items of property, plant and equipment are recorded as expenditures when purchased and are accounted for in the General Fixed Assets group of accounts. Such assets are maintained on a basis of original cost and no depreciation is computed or recorded thereon. Donated fixed assets are stated at their estimated fair market value on the date donated. All such assets were disposed during the fiscal year ended June 30, 2013.

Note 2 - Funding Policies and Sources of Funds

Vernon Youth Services, Inc. receives its monies on a grant basis from the Louisiana Department of Public Safety - Office of Juvenile Services. Under this method funds are received as needed or on a monthly or quarterly allocation of the total budget (grant) in advance of the actual expenditure.

Note 3 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

Note 4 - In-Kind Contributions

Vernon Youth Services, Inc. received various in-kind contributions during the period under examination. There were inadequate records to determine proper value of these contributions. While the value of these contributions has not been reported, the offsetting expenses have not been incurred.

VERNON YOUTH SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 5 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

| | Balance July 1, 2002 | Additions | Retirements | Balance June 30, 2003 |
|-----------|----------------------------|-----------|-------------|-----------------------------|
| Equipment | \$ 19,851 | \$ 11,001 | \$ 32,851 | \$ --- |

Note 6 - Cash Collateral

As of June 30, 2003, cash and investments held by Vernon Youth Services, Inc. was secured in full by FDIC (Federal Depositary Insurance Corporation) insurance at each of the respective financial institutions where deposited.

Note 7 - Risk Management

Vernon Youth Services, Inc., was exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Vernon Youth Services, Inc. carries commercial insurance as outlined in the following table. Settled claims did not exceed commercial coverage for any of the past three fiscal years.

| | LIMITS OF COVERAGE |
|--|--------------------------|
| Workmen's compensation | \$ 500,000 |
| Auto liability | 1,000,000 |
| Commercial general liability | 1,000,000 |
| Vernon Youth Services, Inc. owned buildings and equipment | --- |

Vernon Youth Services, Inc. covers all other losses, claim settlements, and judgments from operating resources. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

Vernon Youth Services, Inc. was not involved in any litigation that would not have adequate insurance coverage exclusive of the \$250 deductible.

SUPPLEMENTARY DATA

VERNON YOUTH SERVICES, INC.

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

For the year ended June 30, 2003

During the year ended June 30, 2003 no per diem payments or other compensation payments were made to board members.

See independent auditor's report.

VERNON YOUTH SERVICES, INC.
SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2003

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

- 2002.1 Finding: For the fiscal year ended June 30, 2003, the Vernon Youth Services bookkeeper intentionally overpaid herself three payroll checks totaling \$1,039. The existing internal control system allowed the bookkeeper to prepare the payroll checks and do the related bank reconciliation with no management oversight. Furthermore, she did not provide pay period documentation to the check signature to the Board Chairman and Vice Chairman.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

There were no prior year findings relating to internal control and compliance material to federal awards.

SECTION III MANAGEMENT LETTER

There was no management letter with prior year audit report.

See independent auditor's report.

VERMONT YOUTH SERVICES, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2003

| | |
|-------------|--|
| SECTION I | INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT |
| | N/A |
| SECTION II | INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS |
| | N/A |
| SECTION III | MANAGEMENT LETTER |
| | N/A |

See independent auditor's report.